

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice FLP-191

1945-D

For: State and County Offices

**Disbursing Emergency (EM) Loan Funds for Rehabilitating and/or Re-establishing
Fruit and Nut Tree Enterprises Other than Citrus**

Approved by: Deputy Administrator, Farm Loan Programs

Carolyn B. Cooksey

1 Overview

A

Background

FmHA Instruction 1945-D, Exhibit D allows multiple disbursement of EM loan funds to be used in rehabilitating and/or re-establishing citrus grove enterprises for a period not to exceed 5 years. Other fruit and nut tree enterprises affected by disasters may need similar loan terms to facilitate successful recovery.

B

Purpose

This notice clarifies that:

- multi-year disbursements are authorized when EM loans are being made for rehabilitating and/or re-establishing of fruit and nut tree enterprises, other than citrus groves
- these EM loans may be scheduled with reduced annual installments of at least partial interest, for up to 5 years.

Note: The reduced installments shall not be scheduled for a longer period of time than necessary to bring the enterprise back to profitable production levels.

C

Contact

State Offices shall direct questions about this notice to Mike Hinton or Orlando Kilcrease, Loan Making Division at 202-720-1472.

Disposal Date

July 1, 2002

Distribution

State Offices; State Offices relay to County Offices

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2 Action

A Multi-Year Disbursements

The projected annual operating plans must support the use of multi-year disbursements. The case record must include documentation to indicate that initial and future advances will be fully secured according to FmHA Instruction 1945-D, section 1945.169. Loan approval officials will continue to follow the instructions in Notice FLP-174 for estimating and arriving at values for loan security.

Assistance code **060** must be used on FmHA 1940-1 when multiple-year disbursements will be used.

State Offices should confer with their regional Office of the General Counsel to determine whether modifications to notes or security instruments are necessary to conform to individual State laws.

B Payment Schedule

The period of time required for enterprise re-establishment must be considered when structuring repayment schedules. FmHA Instruction 1945-D, section 1945.168 (b) permits variable installments consistent with the purpose of the loan when conditions warrant. At least a partial interest payment is required, but the operation may cash flow with only a minimal payment in the first year or 2 of the enterprise re-establishment. Scheduled installments of EM loan repayment shall increase based on enterprise recovery and increased repayment ability as determined through multi-year farm planning at EM loan origination.
